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**Confessions
of an ex-
shoplifter**

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Nearly one-fifth of expenditures went for electronic equipment, such as concealed cameras.

Taking the high-tech approach to pilferage

High technology is well on its way to becoming retailers' No. 1 weapon in the fight against shoplifting and internal pilferage, according to a recent survey by the accounting firm of Arthur Young.

The results of the survey, conducted annually for the National Mass Retailing Institute (NMRI), show that during 1983 retailers upped their overall security expenditures by 18%. These retailers indicated that nearly one-fifth of those expenditures were allocated to electronic tags and electronic equipment such as split screen cameras, pin-hole cameras and point-of-sale computer technology.

Consumers are probably seeing more electronic tags on garments, more video monitoring and more cables transmitting to alarm systems on

expensive clothing, electronic products and sporting goods," observes Errol M. Cook, the Arthur Young partner in charge of the survey.

Survey participants included 88 mass merchandisers, 37 department

During 1983, security expenditures as a percentage of sales for the survey group were 0.53%

stores and 51 specialty stores, representing stores operating in more than 33,600 locations and with total sales of more than \$109 billion. (Results of a separate survey of food store operations are found in the accompanying story.) These retailers reported 1983 shrinkage losses totaling \$2.08 bil-

Average shrinkage levels on a regional basis*

Region	Shrinkage	
	1983	1982
Northeast	1.9%	2.1%
Southeast	2.0	2.1
Midwest	1.9	2.0
North Central	1.7	1.9
Southwest	2.3	2.4
West Coast	2.3	2.0

*Data represents only survey responses. It is not indicative of overall nationwide shrinkage levels.

Source: Arthur Young

Devices used to control shrinkage

Mirrors	79%
Limited access areas	74
Lock-and-chain devices	68
Guards	68
Point-of-sale technology	59
Observation booths	49
Electronic tags	46
Visible TV monitors	42
Concealed TV monitors	39
Fitting room attendants	38

Source: Arthur Young

lion.

The trend toward greater use of electronic technology to combat such losses is likely to continue, with 60% of the survey respondents rating electronic tags as the most effective device for controlling shrinkage. The use of point-of-sale technology, with systems duplicating sales transactions on a cash register located in the security department, is also on the upswing, rated as most effective by 15% of the respondents.

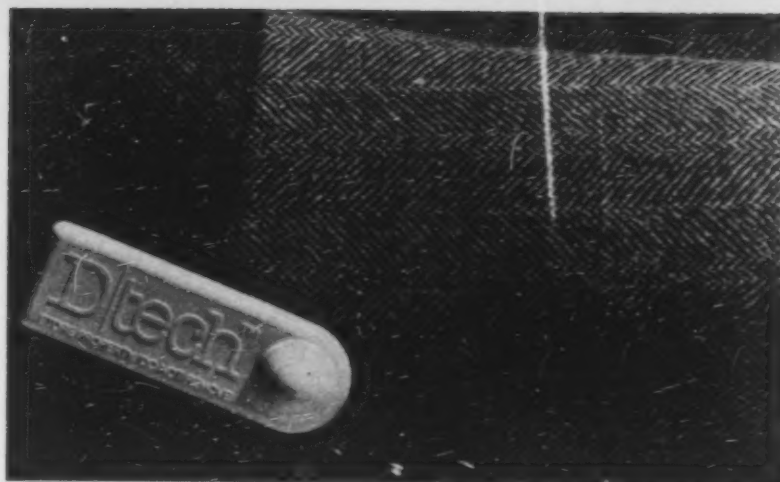
Other deterrents include guards, rated as most effective by 17%, visible television monitors, 13%, and mirrors, 2%.

However, despite their low effectiveness rating, mirrors are the method reported to be most in use, mentioned by 79% of the survey participants, but rated as least effective for controlling shrinkage by 66% of the respondents who use them.

Other prevalent methods in use include guards, used by 68% of the participants, and locks and chains, also used by 68%.

According to Stephanie Shern, a member of Arthur Young's survey team, the discrepancy between methods in use and those rated most effective is likely a result of the higher cost for technological devices. Yet, she believes such spending is definitely on the upswing.

During 1983 the security expenditures as a percentage of sales for the survey group were, on the average, 0.53%, representing an aggregate of \$579.3 million. On the average, mass



Of survey respondents, 60% rated electronic tags as most effective for controlling shrinkage.

merchandisers spent 0.43% of sales for security and specialty stores spent 0.54% of sales. Expenditures were highest for the department stores at 0.76%.

The survey also shows a relationship between security expenditures and shrinkage levels. Those retailers with shrinkage levels of less than 1% of sales spent 0.4% of sales on security measures while for those with shrinkage levels of 3% or greater, the expenditure was 0.7%.

Again on the average, shrinkage as a percentage of sales was 1.9% for the survey population in 1983 and 2.1% in 1982, or a 10% decrease. Specifically, average shrinkage levels decreased for the department and specialty stores and stayed constant for the mass merchandisers. Department store shrinkage was reported to be 2.1% for 1983, down from 2.5% in 1982; specialty stores reported levels of 1.6% for 1983 and 2% for 1982; mass merchandisers put shrinkage levels at 2% for both years.

The retailers cited New York City, Chicago, Los Angeles, Houston and Detroit as the metropolitan areas with the highest shrinkage levels. Cities with the lowest shrinkage are

reported to be Kansas City, Pittsburgh, Minneapolis and St. Louis.

Retailers attribute 44% of their shrinkage to employee theft, down from the 50% reported for each of the last two years. In addition, 30% was attributed to shoplifting, 22% to poor paperwork control and 4% to vendor theft.

More than two-thirds of all employees apprehended were cashiers and selling floor personnel. For the department stores, 59% of the apprehensions involved selling floor personnel, while mass merchandisers reported only 22% in that employee group.

Of the male customers apprehended for shoplifting, the majority were

believed to be employed (63%); there was little difference in the percentage of employed vs. unemployed female customers apprehended (49% and 51% respectively).

The profile of the "typical" shoplifter as garnered from the survey participants, indicates that the shoplifter is over 18, is as likely to be a man as a woman and is as likely to be employed as unemployed.

The respondents attributed the majority of the apprehensions to the young adult (18 to 35) group for both males and females, in both the customer and employee categories. For customer apprehensions, the same percentage of males and females (55%) were grouped in the young adult category. For employees, there was an even greater percentage of the total apprehensions falling into the young adult category with virtually an even distribution between male (76%) and female (74%) shoplifters.

A new finding is that 56% of the respondents believe that the shoplifters plan to shoplift before entering the store, with 75% also believing that most shoplifted merchandise is for personal use. "Retailers tell us that the vast majority of those who take merchandise are not professional thieves," says Cook. "Many are shoppers who steal while purchasing other merchandise."

This last finding corresponds with the survey result that indicates health & beauty aids, jewelry and clothing departments are those with the highest shrinkage levels.

While security devices are definitely starting to cut down on such losses, retailers still see the salesmen themselves as playing a key role. Specifically, 90% of the survey participants believe increased employee education and awareness of loss prevention should further reduce shrinkage levels. To achieve this goal, more than 80% of the companies already use some type of in-store training to orient their employees. ■

Devices judged most effective

Electronic tags	60%
Guards	17
Point-of-sale technology	15
Observation booths	13
Visible TV monitors	13
Fitting room attendants	11
Limited access areas	10
Concealed TV monitors	8
Lock-and-chain devices	8
Mirrors	2

Source: Arthur Young

Food retailers wage battle against theft

Food retailers in 1983 spent 0.3% of sales for prevention of theft losses, down from 0.4% in 1982, according to Arthur Young's sixth annual study of inventory shrinkage control and security procedures in retailing.

This money is being used to combat shrinkage of 1.3% of sales in 1983, with 54% of losses coming from employee theft and 22% attributed to shoplifting. This translated to losses of \$357

million for the 29 food retailers, representing total sales of \$27 billion, that participated in the food retailing section of Arthur Young's survey.

Convictions as a percentage of all those apprehended for store theft reached only 41%, as compared with 61% for the total survey population (including department, specialty and mass merchandise stores). One possible reason for this discrepancy is

the lower value of most stolen items as compared with those taken from other types of retail operations.

As is the case for the general survey population (see accompanying story), mirrors are used most prevalently by the majority of the food retailers, or 89%. Electronic tags are the method of loss prevention judged most effective by 67% of the respondents.